

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

April 1, 1926

Business Conditions in the United States

PRODUCTION and trade continued in February at the high level of the preceding month, while the general average of prices declined and was lower in February than at any time since the latter part of 1924.

PRODUCTION

The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, indicated a continuation of productive activity during February in about the same volume as in the preceding two months. Mill consumption of cotton and the output of flour, anthracite, copper, and newsprint showed increases in February, when allowance is made for usual seasonal changes, and the output of iron and steel and lumber remained practically unchanged. Activity in the woolen industry and the production of cement declined. Automobile production was in considerably greater volume in February and was larger than a year ago, although smaller than in the corresponding month of 1924. Employment and earnings of factory workers increased, after the seasonal recession of January, and were in February at practically the same levels as during the latter part of 1925. The volume of building contracts awarded declined both in January and in February, but remained larger than in the corresponding months of last year.

Reports by farmers to the Department of Agriculture of intentions to plant in 1926 indicate that the acreage of spring wheat and tobacco will be slightly smaller, the acreage of corn will be about the same, and that of oats, barley, hay, and potatoes larger than that in 1925.

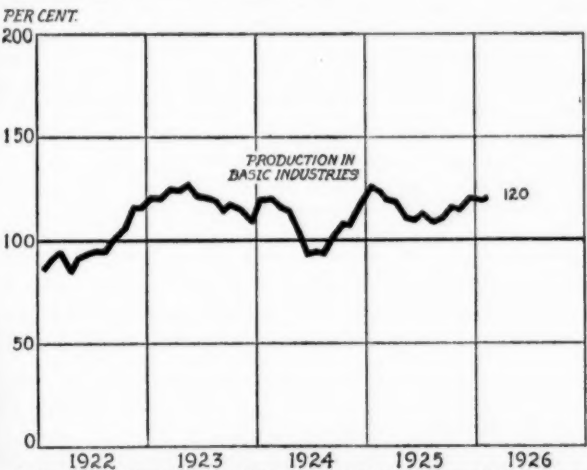
TRADE

Wholesale trade in February was in about the same volume as a year ago. A smaller volume of sales was reported for groceries, dry goods, and hardware, while sales of meats, shoes, and drugs were larger. Inventories of wholesale firms dealing in groceries, dry goods, shoes, and hardware were smaller at the end of February than a year ago. Trade at department stores and at mail order houses was larger than in February of last year and department store stocks were about 5 per cent greater than on the corresponding date of 1925.

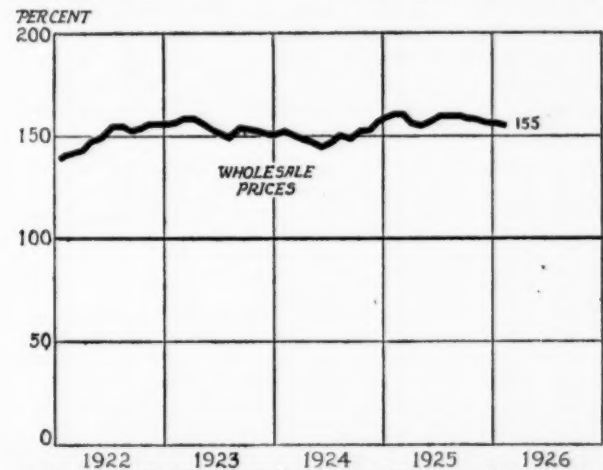
Freight car loadings continued at about the same daily rate in February as in the preceding two months. Shipments of merchandise in less-than-carload-lots and of miscellaneous commodities were particularly large.

PRICES

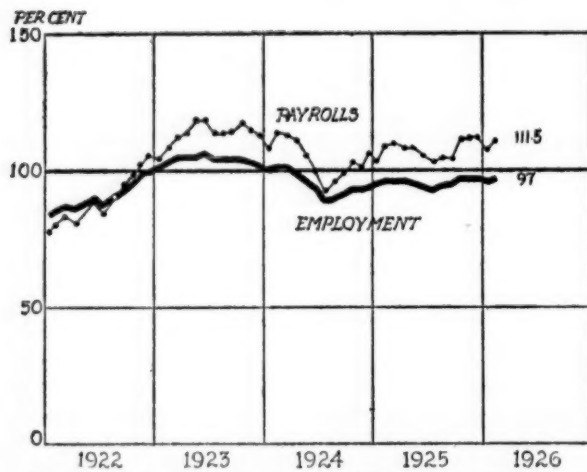
The general level of wholesale prices, as measured by the Bureau of Labor Statistics index, after remaining unchanged for two months, declined in February to a point slightly below the low figure of 1925, reported for last May. The greater part of the decline since last autumn has been in prices of agricultural commodities. In February prices of all major groups of commodities,



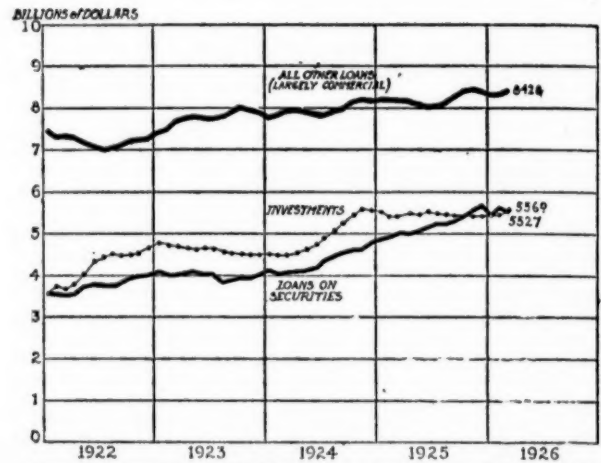
Index of 22 Basic Commodities, adjusted for Seasonal Variations (1919 = 100). Latest figure, February.



Index of United States Bureau of Labor Statistics. (1913 = 100; base adopted by Bureau). Latest figure, February.



Indexes of Factory Employment and Factory Payrolls in Manufacturing Industries (1919 average = 100 Per Cent). Latest figures, February.



Monthly Averages of Weekly Figures for Member Banks in 101 Leading Cities. Latest Figures are Averages for Three Weekly Report Dates in March.

except fuels, declined and particularly large reductions occurred in the prices of grains, cotton, wool, silk, and rubber. Price advances in February were shown for petroleum, coke, and paper. During the first three weeks of March prices of grains, cotton, wool, and silk continued to decline and recessions were also reported in the prices of sugar and hardwood lumber.

BANK CREDIT

At member banks in leading cities demand for loans chiefly for commercial purposes showed an increase, partly seasonal in character, between the middle of February and the middle of March, and on March 17 the total volume of these loans was close to the high point reached last autumn. A further decline of loans on securities, which accompanied the sharp recession in security prices in March, carried the total to a point nearly \$430,000,000 below that reached at the end of the year.

Following a growth during February in the volume of Reserve Bank credit outstanding, there was a sharp decline early in March to about the same level as a year ago. Factors contributing to the decline have been continued imports of gold and some reduction in member bank reserve requirements, as well as the temporary abundance of funds resulting from the excess of Treasury disbursements over receipts around March 15.

Open market rates on prime commercial paper, after a slight decline in February advanced in March to $4\frac{1}{4}$ — $4\frac{1}{2}$ per cent, the level which had prevailed since last October.

Money Market

Three principal influences in the money market during March were the continuation of gold imports from Canada, a liquidation of \$350,000,000 in loans to brokers and dealers by New York City banks and their correspondents, and Government financial operations on and following the March 15 tax day. All of these influences made for greater ease in money conditions and slightly

lower money rates during most of March than prevailed during the latter part of February and have again appeared toward the end of March.

The import of about \$30,000,000 of gold from Canada during the first two weeks of the month followed a total import of \$28,000,000 in January and February. This gold, deposited in the Federal Reserve Bank, was a direct addition to the reserves of New York City banks, and enabled these banks to reduce their indebtedness at the Federal Reserve Bank.

The liquidation of loans to brokers and dealers does not release any large amount of funds for other uses but has a lasting effect on money conditions only in so far as bank deposits are reduced and bank reserve requirements reduced in proportion. The figures for the three weeks ended March 24 indicate a reduction of \$94,000,000 in the net demand deposits of New York City banks and hence a reduction of \$12,000,000 in the reserves which these banks were required to maintain at the Reserve Bank. In its effect on basic money conditions the liquidation of street loans has therefore been a less important factor, as far as New York City banks are concerned, than gold imports. The detailed changes in loans to brokers and dealers are given in a separate article.

Treasury operations of the March tax day and following were larger than usual, partly because the maturity on March 15 of \$600,000,000 of Treasury notes (for the whole country) was large and partly because of an added operation the following week, the purchase by the Treasury of \$122,000,000 of Liberty 3rd $4\frac{1}{4}$ per cent bonds in anticipation of their maturity in 1928. Income tax collections also proved to be larger than in recent previous tax periods, despite tax rate reductions. The returns for the country up to March 29 totaled \$480,000,000, and for this district \$158,000,000.

Transactions in New York during the recent tax period are shown below in tabular form. On March 15, the New York Reserve Bank redeemed for the Treasury \$371,000,000 of maturing notes and cashed \$29,000,000 of coupons, a total of \$400,000,000. As usual a large

proportion of all maturing issues was presented for redemption in New York, as the financial center. The amount actually paid into the market, however, was not \$400,000,000 but \$300,000,000. More than \$100,000,000 of the maturing notes were held by the Federal Reserve Bank for its own or agency accounts, and their redemption had no immediate effect on the money market. Against a total payment to the market of about \$300,000,000, withdrawals from depositaries within the district, income tax collections, and cash sales of new securities yielded only \$75,000,000 on March 15, and the Treasury transferred funds from other districts and also borrowed temporarily \$190,000,000 from the New York Reserve Bank to balance its account at the close of March 15.

In anticipation of these heavy Treasury disbursements, New York City member banks paid off more than \$50,000,000 of loans at this bank on March 13, and under a special arrangement purchased temporarily \$15,000,000 of securities from the holdings of the Reserve Banks and on March 15 another \$20,000,000. These transactions, together with some transfers of funds to the interior, reduced member bank reserves substantially below requirements, so that on the morning of March 15 the reserves of 24 leading New York City banks showed an accumulated deficit. Payments by the Treasury on the 15th more than wiped out this deficit and gave the banks surplus actual reserves, but left a small deficit in average reserves, and money rates remained unchanged at the levels of the previous week.

During the remainder of the week, the New York money market lost steadily through income tax collections in this district and commercial withdrawals of funds to other districts to replace funds which the Treasury had collected as taxes in those districts and transferred to New York to pay off the New York Reserve Bank. Consequently, by March 19, the New York City banks found it necessary to resell to the Reserve Banks the securities temporarily purchased and to in-

crease their borrowings in order to bring their average reserves up to the required amount at the end of the reserve week. Also at the close of March 19th the Treasury paid off its advance from the New York Reserve Bank.

As a net result of all these operations there was no plethora of funds in the market at any time, the average reserves of New York City banks remained remarkably steady, and call money was quoted at 4¼ per cent throughout the week.

In the following week, as Treasury balances at the Reserve Banks were increased by collections of income tax checks, and transfers out of town continued, call money rates hardened to 5 and 5½ per cent. The purchase in New York on March 23 of \$84,000,000 of the 3rd 4¼ Liberty bonds was offset by Treasury withdrawals from depositaries and transfers to other districts during that week and thus had no marked effect on money conditions.

Brokers' time loans declined to 4½ per cent for a few days after the 15th, but for the month averaged about 4¾ per cent, or approximately the same as in February.

Commercial paper was slightly firmer at 4¼-4½ per cent early in March, eased slightly after the March 15th tax period, but later returned to 4¼-4½ per cent.

Dealers' reports indicate that the amount of commercial paper outstanding failed to show the usual seasonal increase in February. The outstanding paper of leading dealers who report each month to this bank totaled \$655,000,000 at the end of the month, or practically the same amount as at the end of January.

Bills were more active, coincident with the slightly easier money conditions prevailing over the 15th of March, and as there was a seasonal decline in the supply, dealers portfolios were substantially reduced. Rates, however, continued unchanged at 3¾ per cent on purchases of 90-day unindorsed bills, and 3½ per cent on sales.

Gains and Losses to New York Money Market (In millions of dollars)

	March 1926									
	12	13	15	16	17	18	19	20	22	23
Gains to Market										
Treasury transactions (mostly notes redeemed and interest paid).....	5	2	288	26	9	5	6	3	13	74
Commercial transactions—net gain.....										2
Reserve Bank transactions (mostly acceptances and securities bought and net increases in loans to New York City Banks).....	24	0	10	10	3	6	72	5	33	11
Total gains.....	29	2	298	36	12	11	78	8	46	87
Losses to Market										
Treasury transactions (mostly income taxes collected and withdrawals from depositaries).....	6	6	84	53	26	25	17	13	8	26
Commercial transactions (mostly transfers)—net loss.....	12	13	18	8	2	34	19	18	12	....
Reserve Bank transactions (mostly acceptances and securities matured or sold and net decreases in loans to New York City Banks).....	8	68	32	20	9	6	5	24	25	6
Total losses.....	26	87	134	81	37	65	41	55	45	32
Net gain for day.....	3	....	164	....	....	....	37	....	1	55
Net loss for day.....	....	85	....	45	25	54	....	47	....	....
Cumulative gain or loss.....	+ 3	- 82	+ 82	+ 37	+ 12	- 42	- 5	- 52	- 51	+ 4
Reserve position of 24 largest New York City Banks:										
Actual reserves at close of business.....	624	538	609	657	635	579	614	565	561	615
Average reserves (Saturday to date).....	600	538	591	608	613	607	608	565	564	577

Loans to Brokers and Dealers

Loans by New York City banks to brokers and dealers on securities have been reduced more than \$310,000,000 from the high point at the beginning of 1926. Loans placed for correspondents show a decrease of \$140,000,000 for the same period, and the total for both accounts therefore shows a reduction of \$450,000,000.

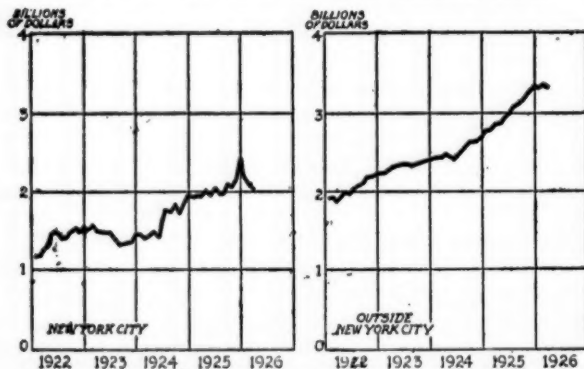
Loans to brokers and dealers are compared in the following table with total loans on securities as reported by member banks. It appears that changes in brokers' loans account for most of the fluctuations in total loans on securities of New York City banks, but brokers' loans placed for correspondents are a smaller element in and are followed less closely by total security loans of reporting banks outside of New York City.

(In millions of dollars)

1926	Reporting Banks New York City		Reporting Banks Outside New York City Total Loans on Stocks and Bonds	Loans to Brokers and Dealers placed by N. Y. City Banks for Correspondents
	Total Loans on Stocks and Bonds	Loan to Brokers and Dealers placed for own account		
Jan. 6...	2,354	1,338	3,334	1,239
13...	2,245	1,267	3,322	1,292
20...	2,230	1,232	3,327	1,306
27...	2,201	1,201	3,308	1,287
Feb. 3...	2,221	1,222	3,307	1,280
10...	2,179	1,199	3,329	1,340
17...	2,104	1,159	3,343	1,354
24...	2,087	1,149	3,340	1,343
Mar. 3...	2,061	1,125	3,374	1,321
10...	1,959	1,021	3,354	1,266
17...	2,017	1,033	3,317	1,174
24...	2,041	1,027	3,283	1,098

Loans placed by New York City banks for others than correspondents are not included in this table.

The accompanying diagram carries back over several years the loans on stocks and bonds reported by member banks in New York City and other leading cities.



Member Bank Loans Secured by Stocks and Bonds, New York City and Elsewhere, 1922 to 1926. Latest figures March 17.

Security Markets

Stock prices declined rapidly in March in active trading. On March 3 sales reached a new high volume of close to 3,900,000 shares, and on 12 days, sales exceeded 2,000,000 shares.

Corporation bonds, which in February reached the highest levels in nine years, reacted slightly in March, following the decline in stocks, and at the close of the

month price averages of high grade bonds were down about $\frac{3}{4}$ of a point from the February high levels.

Following the announcement and oversubscription of the new Treasury offering of \$500,000,000 of 30-year $3\frac{3}{4}$ per cent bonds at a price to yield approximately 3.71 $\frac{1}{2}$ per cent, all active United States Government issues, with the exception of the Treasury $4\frac{1}{4}$'s, established new high levels for the year, but were slightly lower in the latter part of the month.

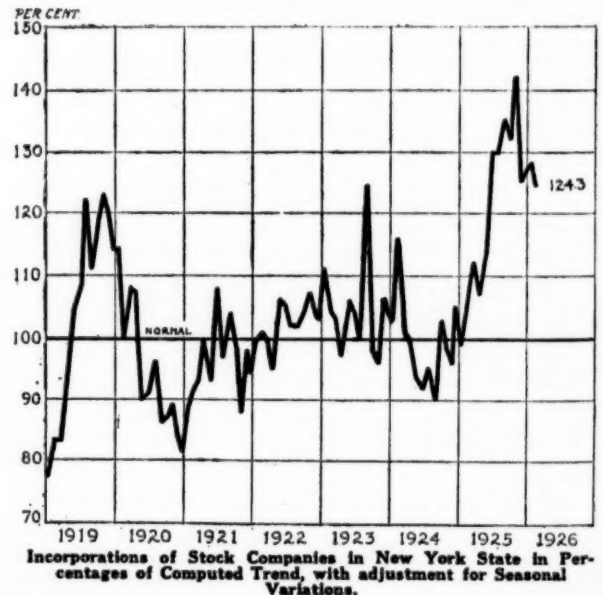
The volume of new securities offered in March was smaller than in either of the two previous months, but somewhat larger than in the corresponding month of 1925. Offerings of railroad and public utility securities were larger than in February, but there were decreases in industrials, municipal and state obligations, and foreign securities. The total of foreign security offerings for the first quarter of 1926 is about 25 per cent smaller than for the first quarter of 1925.

Incorporations as an Index of Business Activity

A series of figures which is highly responsive to changes in business activity and business profits is found in the New York State records of incorporations of stock companies. These data, which are available back to 1892, indicate the rapid expansion of the corporate form of enterprise during the last thirty-five years. The number of stock companies incorporated in New York State at five-year intervals has been as follows:

1895	1,423
1900	1,864
1905	5,609
1910	7,998
1915	10,493
1920	15,115
1925	24,703

The monthly variations in incorporations after allowance for the trend of year-to-year increase and for sea-



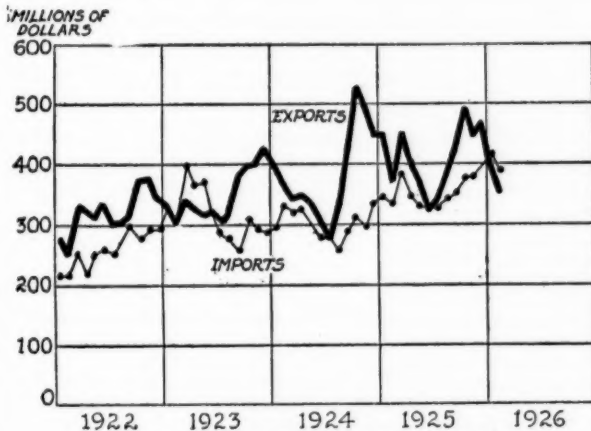
Incorporations of Stock Companies in New York State in Percentages of Computed Trend, with adjustment for Seasonal Variations.

sonal fluctuations are shown in the accompanying diagram for the period since 1918. A great increase in 1919 followed the war time restrictions, but the crest was passed before the end of 1919. The almost equally rapid decline in incorporations in 1920 was followed by a recovery in 1921, while the general tendency of production and prices was still downward. A normal rate of increase was maintained thereafter until 1924.

A temporary recession in 1924 was followed by an extraordinary rise in the number of incorporations in 1925, reflecting what was probably the highest level of general business activity, and largest profits in any year since the war. The index of incorporations in the last four months has shown a moderate recession from the high level of last fall, but has remained far above normal.

Foreign Trade

February exports valued at \$353,000,000 were \$44,000,000 smaller than in January, and \$18,000,000 smaller than a year ago, while imports valued at \$389,000,000 were \$28,000,000 smaller than in January, but \$56,000,000 larger than in February 1925. This indicates net imports of \$36,000,000 in February, the fourth and largest import balance since June 1923, as shown in the accompanying diagram.



Monthly Imports and Exports of Merchandise of the United States since 1921.

Grain exports continued to decline, the value of February shipments being the smallest since April 1914. Raw cotton exports also showed a further substantial decline and were much smaller than a year ago. Silk imports, which have been running substantially larger than a year previous, showed a slight reduction compared with February 1925, but the quantity of crude rubber imported was nearly 50 per cent larger than a year ago, and the increase in value was even greater.

Foreign Exchange

The principal new development in the foreign exchanges during March was a decline in the Belgian franc from the 4½ cent level which had been maintained since last September to below 4 cents. The decline was attributed to difficulties arising in Belgium in connection with that country's program for monetary stabilization. French francs, which were firm early in the month, also declined, touching 3.40 cents on March 29, the lowest point on record. Sterling, after a slight decline at the end of February, fluctuated between \$4.85½ and \$4.85⅞. Italian lire continued steady as did the Dutch, Austrian, and German exchanges, while Danish kroner attained new high levels since 1919.

Japanese yen reacted more than 1 cent to 45¼ cents, and Chinese currencies were also somewhat lower. The Argentine peso declined nearly 2 cents to slightly below 39 cents, lowest since May 1925, and Brazilian milreis also were easier.

During the first part of the month, the discount on Canadian funds increased to 9/16 of a cent, but following imports from Canada of about \$38,500,000 of gold, the rate firmed to a discount of 3/16 of a cent.

Gold Movement

Gold movements between the United States and other countries in February resulted in an import balance of \$21,500,000, and brought net imports for the first two months of 1926 to \$38,000,000. February imports totaled \$25,400,000, including \$10,000,000 from Chile, \$10,000,000 from Canada, and \$4,000,000 from Japan, while exports amounted to only \$3,900,000, most of which was consigned to Central and South America and the Orient.

During the first 30 days of March, additional imports of about \$38,500,000 of gold were received from Canada, accompanying a continued discount on Canadian funds in this country. These imports brought total gold receipts from Canada this year to \$66,000,000, or \$20,000,000 more than was shipped to Canada last fall. The other principal import in March was \$2,400,000 from the Banco de Chile to be used as an external reserve, augmenting the \$10,000,000 shipped to New York in February. Gold exports were about \$2,000,000, includ-

1925	Imports	Exports	Excess of	
			Imports	Exports
January	\$ 6,037,800	\$73,525,943	.....	\$68,488,143
February	3,602,527	50,599,708	.....	46,997,181
March	7,337,322	25,104,416	.....	17,767,094
April	8,869,883	21,603,945	.....	12,734,062
May	11,392,837	13,389,967	.....	1,997,130
June	4,426,135	6,712,480	.....	2,286,345
July	10,204,112	4,416,452	\$5,787,660	.....
August	4,861,736	2,135,690	2,726,046	.....
September	4,128,052	6,784,201	.....	2,656,149
October	50,740,649	28,039,190	22,701,459	.....
November	10,456,115	24,390,071	.....	13,933,956
December	7,216,004	5,967,727	1,248,277	.....
1926				
January	10,351,202	3,086,870	16,264,332	.....
February	25,415,655	3,851,374	21,564,281	.....
March*	41,488,000	2,028,000	39,460,000	.....

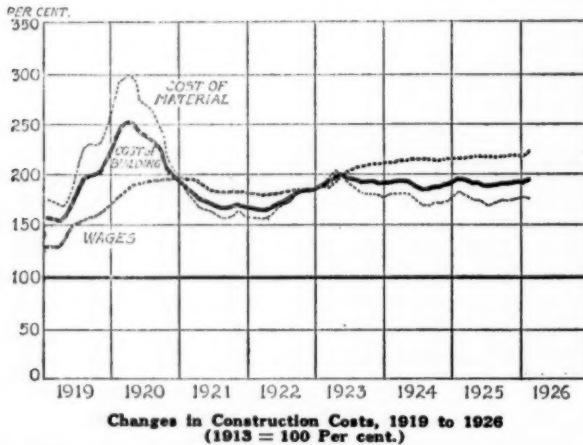
*-Port of New York and Canadian shipments only.

ing numerous small shipments to South America, Germany, Mexico, and the Straits Settlements, so that the net import movement for the month to date through the Port of New York and from Canada was \$39,460,000.

Building

Building activity throughout the country showed a seasonal decrease in February but was at a higher level than in February of any previous year. Contracts awarded for construction work in 37 states were 25 per cent larger than a year previous, according to the F. W. Dodge Corporation. In the New York and Northern New Jersey District the increase was 65 per cent, but contracts were slightly smaller than in February 1924.

The amount of new building in prospect, as reflected by permits granted, appears to have slackened somewhat in February. The S. W. Straus Company reports that the valuation of buildings for which permits were issued in 448 cities in February was 7 per cent smaller than a year ago. Reductions were reported by about half the leading cities and a majority of states.



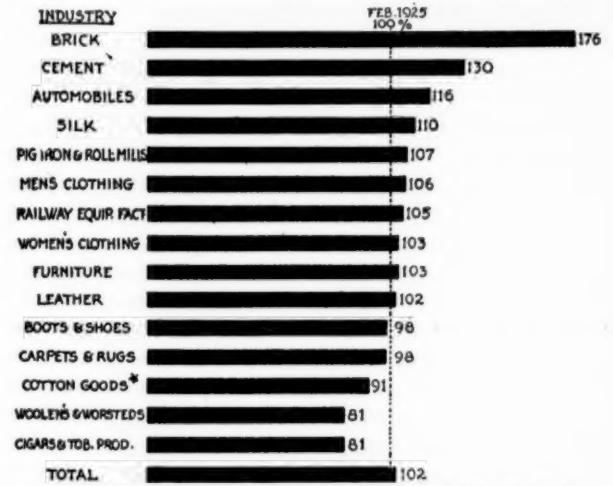
Building costs in general are about the same as a year ago and are close to the highest level since 1920, as the accompanying diagram shows. Building materials have not shown the advance that frequently occurs in the early months of the year and are slightly lower than a year ago despite a large volume of business, but wage costs continue to rise. In New York City negotiations over new wage contracts have resulted in increases of \$1.50 and \$2.00 a day for most of the skilled trades, and \$1.00 a day for helpers.

Employment

A moderate increase in employment occurred in February in New York State and in nearly all other sections of the country for which reports are available. Factory employment averaged about 1 per cent higher in February than in January and 2 to 3 per cent higher than a year ago.

In this district, a threatened strike in the dress industry was averted, but labor troubles reduced employment in the fur industry of New York City and in the woolen mills of Northern New Jersey. Further increases in employment in steel mills and railroad equipment plants were reported in February, however, and seasonal expansion occurred in the automobile industry and in clothing.

The accompanying diagram makes a comparison between employment in February this year and a year ago, and shows that employment in the building materials, automobile, iron and steel, and silk goods industries was well above the levels of a year previous, while the principal decreases were in cotton goods and woolen and worsted mills, and cigar and other tobacco factories.



February Employment in Leading Industries of New York State Compared with Employment in February 1925

* Compared with employment previous to strike of February 1925.

Production

After allowance for seasonal variations and year-to-year growth there appears to have been no consistent change in production in February, compared with the previous month or with a year ago.

Anthracite production was about 30 per cent. of the normal for the month of February, but by the middle of March was running above normal. Bituminous output was maintained at a high level in February, and has since shown little more than the usual seasonal decline. Iron and steel production has been at close to capacity, though new business has not kept pace with shipments. Automobile production showed more than the usual seasonal increase over January, but the rate of expansion is reported to have been slower in March.

This bank's indexes of production, in which adjustment is made for year-to-year growth and the usual seasonal variations, are shown below.

(Computed trend of past years=100 per cent)

	1925		1926	
	Feb.	Dec.	Jan.	Feb.
Producers' Goods				
Pig iron r.....	120r	112r	112r	108r
Steel ingots.....	113	123	110	112
Bituminous coal.....	96	116	113	110p
Copper, U. S. mines.....	111	103r	103	107
Tin deliveries.....	119	109	129	100
Zinc.....	97	113	105	108
Petroleum.....	121	116	114	...
Gas and fuel oil.....	105	107	107	...
Cotton consumption.....	101	98	93	102
Woolen mill activity*.....	97	88	86	83p
Cement.....	119	124	123r	108
Lumber.....	115	113	104	...
Leather, sole.....	83	68	64	...
Silk consumption*.....	114	122	132	121
Consumers' Goods				
Cattle slaughtered.....	102	108	104	108
Calves slaughtered.....	122	132	116	116
Sheep slaughtered.....	99	104	103	114
Hogs slaughtered.....	83	80	82	76
Sugar moltings, U. S. ports.....	85	184	139	...
Wheat flour.....	104	97	90	90
Cigars.....	95	98	86	94
Cigarettes.....	78	82	80	74
Tobacco, manufactured.....	103	100	111	109
Gasoline.....	134	135	137	...
Tires.....	135	141	132	...
Newsprint.....	111	120	119	127
Paper, total.....	106	95	94	100
Boots and shoes.....	96	95	84	91p
Anthracite coal.....	103	**	**	30p
Automobile, all.....	110	137	120	132
Automobile, passenger.....	106	138	120r	133
Automobile, truck.....	127	132	121r	128

*=Seasonal variation not allowed for **=Strike p=Preliminary r=Revised

Commodity Prices

The average level of wholesale prices was 0.6 per cent lower in February than in January and was the lowest since October 1924, according to the Department of Labor index. The tendency of basic commodity prices continued downward in March, this bank's weekly index declining about 2 per cent in the first three weeks of the month to a new low point since 1924.

The price decline, which has proceeded almost continuously since last September, has been due largely to declines in farm products, including cotton, wool, and hides, as well as foodstuffs, together with a resulting decline in textiles and foods during recent months. This decline has accompanied a larger production in Europe and some decrease in exports of American farm products. Other groups of commodities have shown relatively little change during the past year.

The decline in prices in this country during the past year has been quite moderate compared with that in most European countries. The following table compares the Department of Labor index of wholesale prices in the United States with similar indexes for other countries.

(1913=100)

	February 1925	Latest, 1926
United States.....	161	155 (February)
England.....	168	150 (February)
France (gold basis)*.....	125	106 (February)
Germany.....	137	118 (February)
Austria (gold basis)*.....	146	122 (January)
Hungary (gold basis)*.....	152	127 (January)
Netherlands.....	158	150 (February)

*=Indexes converted from a paper currency basis to a gold basis by allowing for the depreciation of the currency in terms of the American dollar.

Indexes of Business Activity

General business appears to have continued at approximately as high a level in February as in any recent month. Bank debits in 140 centers outside of New York City continued to show more than the normal annual increase over the high level of a year ago. Railway traffic in merchandise and miscellaneous freight was larger than in February of previous years, and loadings of other commodities continued in approximately normal volume.

Further evidence of active trade appeared in increases over last year in department store, chain store, and mail order house sales, newspaper and magazine advertising, and in the volume of postal receipts. Factory employment showed about the usual seasonal increase and business failures continued below normal. The following table gives this bank's indexes in percentages of the computed trend, with allowance for seasonal variation and, where necessary, for price changes.

(Computed trend of past years=100 per cent)

	1925		1926	
	Feb.	Dec.	Jan.	Feb.
Primary Distribution				
Car loadings, merchandise and misc.....	108	106	105	106
Car loadings, other.....	101	106	100	100
Exports.....	90	89	82	85p
Imports.....	109	124	130	127p
Grain exports.....	65	47	47	37
Panama Canal traffic.....	100	104	97	...
Distribution to Consumer				
Department store sales, Second District.....	105	100	97	100
Chain store sales.....	99	102	97	96
Mail order sales.....	120	134	122	121
Life insurance paid for.....	116	113	99	109
Real estate transfers.....	112	126	110	113
Magazine advertising.....	98	102	103	103
Newspaper advertising.....	96	97	98	97
General Business Activity				
Bank debits, outside of New York City.....	109	111	114	113
Bank debits, New York City.....	122	122	128	124
Bank deb ts, 2nd Dist. exclusive of New York City.....	103	100	110	106
Velocity of bank deposits, outside of New York City r.....	97r	100r	106r	104r
Velocity of bank deposits, New York City r.....	108r	115r	120r	118r
Shares sold on New York Stock Exchange*.....	187	245	221	202
Postal receipts.....	98	108	97	100
Electric power.....	104	112r	109	...
Employment, N. Y. State factories.....	100	100	101	101
Business failures.....	96	101	97	96
New corporations formed in N. Y. State.....	106	127	128	124
Building permits.....	159	160	149	144
General Price Level.....	185	188	188	187

*=Seasonal variation not allowed for p=Preliminary r=Revised

Wholesale Trade

Sales of leading wholesale dealers in this district during February were 18 per cent larger than in January, due primarily to seasonal increases in sales of clothing, but for the second consecutive month they were 4 per cent smaller than a year ago.

Declines compared with last year occurred in 9 out of 15 reporting lines and were particularly large in sales of women's clothing and cotton goods. There was a sharp reduction in diamonds after the heavy sales reported in January, and silk sales showed practically no

change over last year, following substantial gains in previous months.

Silk stocks continued to be much heavier than last year, and shoe stocks were somewhat larger, but stocks of groceries, cotton goods, and jewelry and diamonds remained smaller.

Collections averaged slightly larger than a year ago, although the number of lines reporting increases and decreases was evenly divided. With the exception of the coat and suit trade and cotton jobbing, all lines reporting accounts receivable showed increases over last February.

Commodity	Percentage Change Feb. 1926 from Jan. 1926		Percentage Change Feb. 1926 from Feb. 1925			
	Net Sales	Stock end of month	Net Sales	Stock end of month	Collections	Acc'ts Receivable
Groceries.....	-14.8	-3.8	-3.1	-3.6	+1.3	+9.9
Men's clothing.....	+65.7	.....	+5.7	.....	+7.8	+20.7
Women's dresses.....	+20.7	.....	-24.0	.....	.....	.....
Women's coats and suits	+66.4	.....	-16.4	.....	-18.2	-23.0
Cotton goods-Jobbers..	+33.2	+22.1	-13.5	-10.2	-7.9	-3.3
Cotton goods-Commission	+7.1	.....	-8.4	.....	.....	.....
Silk goods.....	-0.9	*-0.4	+0.7	*+37.0	+16.4	+13.5
Shoes.....	-0.1	+11.5	-5.2	+4.6	+17.5	+1.8
Drugs.....	-2.1	.....	-0.7	.....	.....	.....
Hardware.....	+3.3	+7.2	-7.5	+1.4	-6.2	+2.1
Machine tools.....	+12.7	.....	+27.7	.....	.....	.....
Stationery.....	+2.4	.....	+10.7	.....	+10.8	+5.6
Paper.....	-1.5	.....	+6.8	.....	-2.3	+17.4
Diamonds.....	-35.6	.....	-19.0	.....	.....	.....
Jewelry.....	+36.1	+15.4	+7.0	-8.0	-21.6	+5.7
Weighted Average...	+17.8	.....	-4.3	.....	+1.4	+5.9

*-Stock at first of month—quantity not value.

Department Store Trade

Department store sales in this district during February averaged about 3 per cent larger than a year ago. This increase is the smallest reported since early last fall, apparently due less to slackening of trade this year than to unusually active trade in February of last year. Apparel store sales showed a slightly larger increase, and mail order sales were 6 per cent larger. The rate of stock turnover in department stores continued slightly below that of a year ago.

Locality	Percentage Change February 1926 from February 1925			
	Net Sales	Stock on Hand end of month	Collections*	Accounts Receivable*
New York.....	+3.3	+4.5	+6.7	+14.0
Buffalo.....	-2.3	+1.2	+7.4	+1.3
Rochester.....	+7.2	-0.1	+20.2	+22.4
Syracuse.....	-2.0	+2.6	+9.9	-24.8
Newark.....	-0.4	+11.3	+13.0	+8.3
Bridgeport.....	+24.4	-2.4	.....	.....
Elsewhere.....	+1.7	-7.2	+4.2	+6.1
Northern New York State.....	-10.8	.....	.....	.....
Central New York State.....	+5.9	.....	.....	.....
Southern New York State.....	-1.6	.....	.....	.....
Hudson River Valley District.....	+4.2	.....	.....	.....
Capital District.....	+1.5	.....	.....	.....
Westchester District.....	+4.2	.....	.....	.....
All department stores.....	+2.7	+3.8	+8.9	+9.9
Apparel stores.....	+3.4	+12.8	+20.6	+30.3
Mail order houses.....	+6.2	.....	.....	.....

*-Exclusive of instalment accounts.

The volume of instalment business of department stores in this district appears to have been reduced during the past year in New York City, but increased in most other localities. For the entire district, reported instalment accounts receivable at the end of the month were about 4 per cent smaller than a year previous, and collections on such accounts during the month were 3 per cent smaller. Collections on regular accounts were considerably larger than last year, but this appears to be due to an increase in credit business, indicated by a larger amount of accounts receivable.

Sales of toys and sporting goods continued to show the largest gain over last year, and substantial increases were also shown in other articles of more or less luxury character, and in men's furnishings and shoes. The large decrease in sales of musical instruments and radio sets was apparently due to unusually heavy sales last February.

	Net Sales Percentage Change February 1926 from February 1925	Stock on Hand Percentage Change February 28, 1926 from February 28, 1925
Toys and sporting goods.....	+21.3	+21.7
Shoes.....	+20.4	+6.0
Toilet articles and drugs.....	+13.2	+1.6
Books and stationery.....	+11.6	+11.5
Men's furnishings.....	+8.0	+5.2
Silverware and jewelry.....	+6.4	+5.1
Cotton goods.....	+4.7	+2.6
Linens and handkerchiefs.....	+4.4	-3.0
Hosiery.....	+3.0	+10.0
Furniture.....	+2.7	+15.1
Home furnishings.....	+0.1	+1.3
Women's and Misses' ready-to-wear	-0.2	-1.1
Luggage and other leather goods.....	-0.3	+15.1
Silks and velvets.....	-1.2	-0.2
Women's ready-to-wear accessories.....	1.6	-5.9
Men's and Boys' wear.....	-13.3	+7.2
Woolen goods.....	-30.3	-21.9
Musical instruments and radio.....	-31.0	+1.8
Miscellaneous.....	-2.7	-7.1

Chain Store Sales

Total sales of reporting chain store systems showed a considerably larger gain over last year in February than in January, due chiefly to a much larger increase in grocery sales. Sales per store were about equal to those of a year ago, whereas in January they averaged 6 per cent smaller.

Variety, drug, and five and ten cent stores continued to report large increases over last year in total sales, but tobacco sales, although larger than a year ago, have failed to increase proportionately with the rapid expansion in the number of stores in operation. Sales of shoe and candy stores fell below last year, but the number of stores continued to show large gains.

Type of Store	Percentage Change February 1926 from February 1925		
	Number of Stores	Total Sales	Sales per Store
Grocery.....	+20.0	+23.9	+3.2
Variety.....	+16.6	+23.0	+5.5
Drug.....	+17.8	+18.8	+0.9
Ten Cent.....	+5.9	+9.0	+2.9
Tobacco.....	+16.3	+7.4	-7.6
Shoe.....	+15.9	-2.2	-15.6
Candy.....	+18.8	-3.7	-18.9
Total.....	+18.4	+18.3	-0.1